

2015/16

nationalgrid

# Gas Transmission Stakeholder Engagement Incentive Scheme Submission

Part 1



## Building trust



## Acting on feedback



## Tailoring our engagement



Introduction

# Striving for exceptional engagement

I'm delighted to be introducing this year's Stakeholder Engagement Incentive Scheme Submission for National Grid Gas Transmission.

Since joining the Gas Transmission business in September 2015, I've learned a lot about how my teams operate and I am reassured by the relentless focus we have on understanding and delivering our stakeholders' needs. Being new to the role, I am able to look at things with a fresh perspective. Although we have areas of strength, I believe there are still a number of areas where we can develop and improve, which we will tackle over the next year and beyond.

**Successes**

One of our biggest successes from 2015/16 is the updating of our gas connections process.

A frustration for our stakeholders was the time it took to connect to our network. As a result of our work we've now reduced our connection time from five years to around two years, which is in line with our stakeholders' connection programmes. We will further improve our connections process when we implement Project CLoCC which aims to connect smaller gas producers at low cost. You'll hear more about this in Part 2 of our submission.

We've also made great progress in achieving what we set out to do with our engagement strategy. In all of our four priority areas (see page 2) we've stepped up a gear in performance.

**Realignment to focus on stakeholder outputs**

Since the last submission, we've undertaken a significant realignment of our Gas Transmission business to help us focus on what stakeholders value most (see below). This has reaffirmed our

commitment to put stakeholders at the heart of our business.

While this is a great start, to really empower our employees to make a difference, we're undertaking an executive-led transformation programme, which supports our stakeholder engagement strategy (see page 2). These changes will help create an environment in which we can engage with our stakeholders to achieve meaningful results.

**AA1000 Stakeholder Engagement Standard**

A thorough review of the options available showed us that the AA1000SES framework is the gold standard for stakeholder engagement. Aligning our strategy to its principles will mean that, whenever we engage with our stakeholders, it will result in an outcome we can measure and be judged on.

We've undertaken an independent health check of our strategy and engagement activities against the standard. Our engagement has been assessed as advanced (more on this on Page 4). This is a fantastic achievement for Gas Transmission, and recognises the great practices that already exist. The health check, alongside our specific stakeholder feedback, has helped us to understand where we need to improve.

**Looking forward**

We'll be focusing on three principal areas in 2016/17:

1. Achieving greater consistency in our approach when defining roles and responsibilities for managing stakeholder engagement activities. This will help us establish a clear and efficient approach to engagement, for the benefit of our stakeholders while making sure our employees



2. Consistently identifying what it is we want to achieve before we start to engage with a stakeholder or group of stakeholders. This will really help us target our communications and choose the best method to get useful feedback.
3. Continuing to improve our processes by putting stakeholders at the heart of what we do.

I hope you'll see from this submission that we're making great progress in understanding our stakeholders' needs and shaping our business around them. We know we have more to do, and we are committed to achieving this.



**Pauline Walsh**  
Director of Gas Transmission and National Grid Gas Board Member

## Organising our business to focus on what stakeholders value

After listening to and understanding feedback from our stakeholders we have undertaken a significant realignment of our Gas Transmission business. This will enable us to better focus on outcomes that deliver the most value.

Our teams are structured around three strategic processes (see right). Our Part 2 submission is also organised around these processes.

**Organising our teams in this way means we are:**

- Ensuring delivery of what our stakeholders value.
- Providing clarity on what we deliver and how we deliver value.
- Identifying clear decision points for stakeholder feedback and input.
- Clearly defining roles and responsibilities.

• **Managing our network – How we plan, build and maintain our network to meet our stakeholders' current and future needs.**

• **Delivering energy – The short and long-term operation of the energy network to balance supply and demand for our stakeholders.**

• **Shaping the market – Facilitating the development of the gas market to meet the needs of our stakeholders.**



## Our stakeholder engagement strategy

Our line of sight gives clarity to employees while allowing input from stakeholders at every level.



**Our UK Transformation Programme**

To improve the way we interact with our stakeholders we know we have to provide an environment that encourages the right behaviours to develop, and our senior leaders have a responsibility to make sure this happens.

In 2015/16 our Executive Board gave their full support to a three-year customer and stakeholder transformation programme. We aim to build on our successes in the past, creating a fundamental change in how we make customers and stakeholders the focus of our business. This has started with realigning our business around achieving results that stakeholders value (see page 1).

The main elements of this programme are: gaining a better insight into what our stakeholders really value, managing information we have on stakeholders in a more coordinated and systematic manner, and how we measure how well we're delivering against their requirements.

2016/17 is the first full year of this programme, and our activities are ramping up. We're confident we'll be able to report some great progress in next year's submission.

## Our stakeholder engagement strategy is central to the success of our business

We know that our stakeholders have high expectations of us, and rightly so. Through our engagement strategy, stakeholders are central to our decision-making, which keeps us on track to achieve the outcomes that they want. Over the past year we have updated our strategy to support us in becoming an agile and adaptable business that can change according to our stakeholders' needs (see page 3).



“The academy course was hugely valuable to me. Since attending the training I have led the roll-out of several stakeholder engagement initiatives, developing tools and techniques based upon my learning”  
**Mike Wassell, Gas Capacity Manager**

**Turning our strategy into action**

Our engagement is underpinned by our principles of Listen, Discuss and Act, supported in turn by four strategic themes.

Our strategic themes are integrated into our daily activities, which means we are continually challenging ourselves to improve what we do for stakeholders.



“By cascading tangible objectives into customer and stakeholder-facing roles, our employees are empowered to deliver for our stakeholders” **Darren Elsom, Head of Network Engineering**

## Progress against our strategic themes

**1. Creating common objectives – All of our senior leaders** are taking ownership for delivering value to our stakeholders by having personal objectives and cascading them through their teams.

**2. Developing skills – In 2015/16, 121** employees attended our range of stakeholder courses, which now includes an 'expert' level in the skilled and advanced range. We have worked with Our Academy team to make sure what people learn on training courses is effectively and consistently applied back in the workplace. We survey everyone who goes on a course and review their feedback. This allows us to make sure the training is purposeful, relevant and provides benefit to our stakeholders. We have also established

a Stakeholder Community of Practice where employees can share views and ideas on how to put the training into practice.

**3. Introducing consistent processes – In** addition to realigning our business to focus on what our stakeholders value most, we have used Performance Excellence tools and techniques to review around **70** processes to make sure they focus on what is important to our stakeholders.

**4. Improving our understanding and building stronger relationships – In 2015/16** we developed **29** strategic engagement plans to better understand our stakeholders.

## Our stakeholder engagement strategy

# Evolving our strategy to improve performance

We had some great success in 2015/16 through integrating our stakeholder engagement strategy into our business processes (see page 2). However, we know there are areas for improvement so we have evolved our strategy to

ensure we continually advance. Feedback from our stakeholders suggests we're not always consistent in how we engage with them. In response to the feedback, we undertook a review of all external customer and

stakeholder standards. We concluded that the AA1000 Stakeholder Engagement Standard was the gold standard and that by aligning our strategy to the AA1000SES principles we could achieve the consistency we were lacking.

**The benefits of following the AA1000SES principles are:**

1. Creates a consistent approach to engagement
2. Outcomes focused to ensure delivery for stakeholders
3. Benefits of engagement will be clear and measurable
4. How decisions are made will be clearly communicated
5. Committed to continually improving our engagement

**AA1000SES principles**

Source: AccountAbility Institute, 2015

## Our service commitments

By really listening to our stakeholders and learning from our experiences, we have improved our understanding of how to engage effectively with them.

To create and promote a common understanding of effective engagement we have developed our service commitments (see right).

This means stakeholders know what to expect from us, and they can hold us to account if they feel we are not doing what we said we would do.

We launched our service commitments as part of our Customer Service Week campaign. We have shared our service commitments with our teams at our Gas Transmission sites, backed by a promotional campaign to remind employees why great service is so important.

To find a better way for our stakeholders we will:

1. **Listen** to their views so we can understand what they **need** and **expect**, and find solutions

4. **Work together** to find **innovative ways** of building a network for the future

2. Proactively engage and build **trust** through close working relationships based on **openness** and **honesty**

5. **Deliver** what we say we'll deliver and do **even better** wherever we can

3. Help them **understand** our business by clearly explaining our perspectives and how these may influence decision-making

6. **Act** on feedback

## AA1000SES health check of our strategy

# We've driven up standards and have achieved an advanced rating

After aligning our strategy with AA1000SES, we wanted to understand how well the principles were being followed within our Gas Transmission business.

### The independent health check

We commissioned AccountAbility, the organisation which created AA1000SES, to complete a detailed independent assessment of our stakeholder engagement strategy, and our processes and practices, with a clear focus on engagement that goes above and beyond our daily interactions with stakeholders. This provided a benchmark and an objective assessment of whether our stakeholder engagement strategy and methodology were robust and met best practice. It has also allowed us to develop an objective understanding of our strengths and where we need to improve.

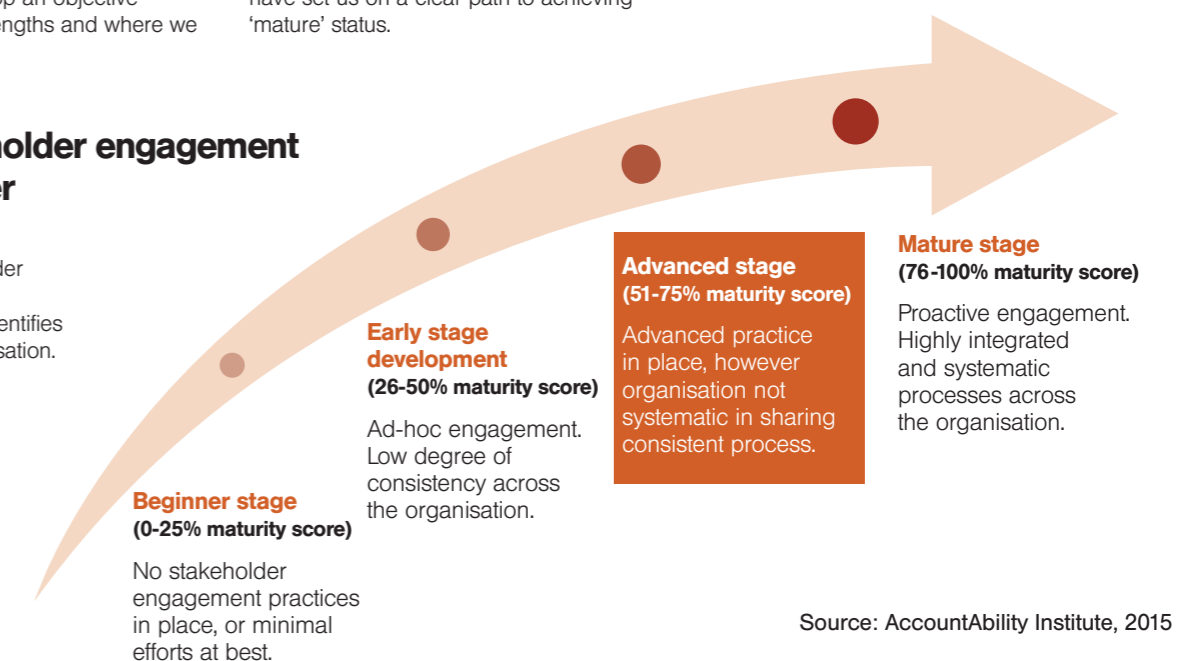
### The results

The assessment concluded that National Grid is at the **advanced** stage on the AA1000SES Maturity Ladder (see diagram below). The health check found positive evidence of stakeholder engagement integrated into operational strategy and management, solid engagement practices, strong awareness of stakeholder engagement priorities and dedicated resources to build engagement competencies and plans. AccountAbility determined that our improvement schemes have set us on a clear path to achieving 'mature' status.

AccountAbility's report highlighted strengths in our business, including executive and senior management commitment to the new customer and stakeholder engagement model (delivered by our UK Transformation Programme, see page 2). Other strengths identified were robust internal governance and account coordination. The report also recognised a number of planned improvement schemes such as a cost benefit analysis toolkit to help us track and evaluate the benefits of an engagement activity.

## AA1000 stakeholder engagement Maturity Ladder

AccountAbility evaluates performance in stakeholder engagement through its Maturity Ladder, which identifies four stages for an organisation.



**“The detailed report and recommendations from AccountAbility gave us an objective assessment of our current position and provided the basis for a plan to improve specific areas that will benefit our stakeholders, our business and the industry”**  
**Nicola Pitts, Head of Gas Market Change**

### Next steps

We are immensely proud to have achieved a maturity score of advanced from the AccountAbility health check assessment. This shows us that the changes we have put in place over the last year have really added value for our stakeholders. We are going to continue to build on this great work by acting on the recommendations highlighted. These are:

- **Creating consistency in the application of stakeholder engagement best practices across the Transmission business.** Our updated strategy and the development of our stakeholder engagement toolkit will empower us to build consistency across our business

while still allowing us to tailor our approach to individual stakeholders.

- **Further defining clear roles and responsibilities for managing stakeholder engagement.** Our updated stakeholder engagement strategy focuses on making sure our people have the right skills and capabilities to take ownership of their stakeholder engagement activities. Our new expert level stakeholder training course provides further reinforcement.

- **Consistently identifying the desired outcomes prior to starting our engagement.** Our aim is to have a clear idea of what we want to achieve before starting any engagement activity. This will be supported through the

development of our stakeholder engagement toolkit, which creates a consistent framework for the Transmission business to follow.

### What will this mean for our stakeholders?

We believe by aligning our stakeholder engagement strategy to AA1000SES and implementing AccountAbility's recommendations we will improve our stakeholders' experience. We will provide tailored, consistent and valuable engagement so stakeholders have a clear way of communicating with us and we can work effectively together to shape the culture of the gas industry.

## Tailoring our engagement to meet our stakeholders' needs

# Understanding and engaging

As the energy market changes, so do the range of stakeholders we engage with. We have to adapt to ensure we understand their needs through better quality conversations.

### Overview

Not everyone has time to read a lengthy consultation document, or take a full day out of their diary for a workshop, but we still want as many stakeholders as possible to contribute and be able to influence the proposals we are developing. We have therefore reviewed our stakeholder groups and provided a number of different ways for them to contact us or access information.

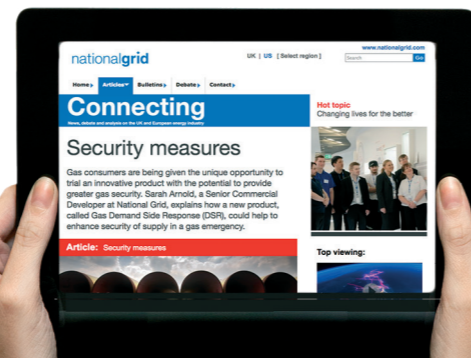
### Our stakeholder groups

Once we have established which stakeholder groups we need to consult on a specific topic, we identify their particular area of interest and influence and tailor our approach to suit their needs. This allows us to target our engagement so our stakeholders are only involved in the topics that are most relevant to them.

### Examples of our stakeholder groups

- Customers**  
Shippers, terminal operators, distribution networks and interconnectors
- Energy industry**  
European transmission owners, industry trade associations and independent gas transporters
- Regulators and political organisations**  
UK Government, UK regulatory bodies and non-government groups
- Community**  
Local communities, landowners, environmental groups, small businesses, local authorities, parish councils, impacted residents, vulnerable customers and consumer groups
- Other**  
Educational interest, supply chain, innovators, investors, media and the general public

## Example engagement in action



## Tailoring our engagement to meet our stakeholders' needs

### A new approach

In 2015 we established a dedicated Gas Account Management team to act as a single point of contact for stakeholders. The team is able to provide whatever level of support a stakeholder requires.

This team supports our stakeholders by:

- Providing technical guidance and support, especially if they are new to the industry.
- Acting as a central point of contact for complex queries that span multiple teams, to ensure an efficient and coordinated response.
- Championing the voice and needs of our stakeholders within our business.
- Building closer relationships with our stakeholders so we understand how their needs will develop.

To track the effectiveness of this new approach we have put new measures in place that we review on a regular basis to see if our service has improved.

### Making engagement accessible

We have continued to use our traditional engagement methods of workshops, seminars, publications, consultations and meetings, which we know from feedback are highly valued by our stakeholders. However, recognising that our stakeholders are busy people, we have created digital channels that let them contact us and access information when it is most convenient for them. It also means we are able to broaden the range of stakeholders who we engage with, and gain a greater depth of feedback on our proposals.

Examples include:

- As part of Project GRAID, our robotic innovation project, we have reached 1,146 stakeholders via a dedicated ProjectGRAID.com website which provides all the background and details on the project. Social media is also used to target young engineers to share project updates and provide a channel for feedback.
- We used an online web portal to run an industry trial for a Demand Side Response balancing tool. This option, chosen by stakeholders, allowed people taking part to try out the tool at a time and location that suited them.
- When we published our annual Gas Ten Year Statement (GTYS) in November 2015, we recognised that some stakeholders only want a brief overview of the statement. We used an online blogging site to publish a three-minute overview of our GTYS and used the National Grid Connecting site and LinkedIn to announce the publication, as well as using traditional methods of email and our website.



Project GRAID's Twitter page



9 projects using social media



6 dedicated stakeholder managers



29 targeted stakeholder engagement plans

## Building a best practice sharing group

We are keen to share best practice and learn from others about stakeholder engagement, so during 2015/16 we reached out to potential partners and took the lead in forming a virtual community to discuss stakeholder-related best practice. This work is still at an early stage, but in addition to our existing collaboration with the two Scottish TOs, we are now in touch

with EirGrid in Ireland, Elia in Belgium, Open Grid Europe in Germany, RTE in France, the electricity distribution networks and, outside of the energy industry, Severn Trent Water and Network Rail.

We also share best practice as a member of the Gas Transmission Benchmarking Initiative community and have developed new

relationships to share best practices through our work on EU Balancing Codes (See Part 2 page 7).

Internally, we share best practice across our community relations agencies and we are looking to replicate this process more widely across the rest of our Transmission business.

## Engaging with a broad range of stakeholders

# Our engagement

We're collaborating with a broad range of stakeholders on important issues.

### Overview

In 2015/16 delivering value for stakeholders from our engagement was a priority for us, and this has given us the drive to engage with a broader range of stakeholders than ever before.

A lot of the challenges our Gas Transmission business faces are shared by our stakeholders, especially responding to EU changes to create a free-flowing gas market. We know that we play an important role in bringing stakeholders

together to collaborate on these critical topics. Through our engagement this year we have worked with a broad range of stakeholders and delivered 114 positive outcomes. The breadth of this engagement is outlined below.

Activity	Stakeholders engaged	Outcomes
<b>Managing the network</b>		
<b>Humber Crossing (Part 2 page 3)</b> Working with strategic and local stakeholders, we used dedicated stakeholder managers to engage through workshops, meetings and site visits to address specific concerns.	45 stakeholders engaged with including environmental groups, highway agencies, landowners and the council. Cost: £120k	<ol style="list-style-type: none"> <li>Four Development Consent Order hearings not required after early agreement on areas of common ground.</li> <li>Stakeholder satisfaction score of 8.3 out of 10.</li> <li>£2.3m saving from reducing tunnel length.</li> <li>Reduction in lorry movements by 150 lorry journeys.</li> <li>No HGV traffic through the village of Paull.</li> </ol>
<b>Project GRAID (Part 2 page 4)</b> We shared our learning and best practice of this technology with stakeholders and young people to encourage a new generation of engineers.	Industry, academia and the next generation of engineers. Cost: £5k	<ol style="list-style-type: none"> <li>Inspiring a new generation of engineers.</li> <li>Sharing best practice.</li> <li>Championing British innovation – generating a further six innovation projects.</li> </ol>
<b>CLoCC (Customer Low Cost Connections) (Part 2 page 4)</b> This project will reduce the cost of connecting to the National Transmission System for smaller unconventional producers. It was developed from listening to and understanding our future customers.	12 future producers and four Distribution Network Operators (DNOs).	<ol style="list-style-type: none"> <li>A clear wish list of improvements from stakeholders.</li> <li>Signed letters of support from all four DNOs and future producers, ensuring collaboration and consistency.</li> <li>Approval to proceed with the project.</li> </ol>
<b>Connections</b> Helping our customers and stakeholders move from application to connection.	13 projects, which included engaging with customers and landowners.	<ol style="list-style-type: none"> <li>A close relationship with customers, leading to successful connection to our network.</li> </ol>
<b>Diversions</b> Helping our customers and stakeholders progress to achieve a diversion.	14 projects, which included engaging with customers and landowners. Cost: £20k	<ol style="list-style-type: none"> <li>A close relationship with customers, leading to successful project completion and protection of our assets.</li> </ol>
<b>Wormington compressor site</b> Following a complaint related to noise and visual impact at our compressor site, we engaged with stakeholders to address their issues.	Gloucestershire Wildlife Trust, the parish council and local residents.	<ol style="list-style-type: none"> <li>Closer relationship with local stakeholders.</li> <li>No complaints received since engagement began.</li> <li>Increased biodiversity on site.</li> </ol>
<b>Elvanfoot AGI – Blackheaded gulls</b> Blackheaded gulls were using the site as a nesting ground, making equipment maintenance difficult. Working closely with a local ringing group and the landowner, we have developed a habitat using old equipment on unused land.	Bird ringing group, local university, landowner and the RSPB.	<ol style="list-style-type: none"> <li>Proposal drafted and agreed with local stakeholders.</li> <li>Awaiting final agreement with landowner before implementing solution.</li> </ol>
<b>Compressor replacement projects</b> We worked closely with local stakeholders to understand their concerns about new compressor replacement projects.	415 different stakeholders, including parish councils, local residents, the Environment Agency, Forestry Commission, Wildlife Trust, DNOs and suppliers. Cost: £25k	<ol style="list-style-type: none"> <li>Closer relationships with local stakeholders.</li> <li>Issues understood and addressed together.</li> <li>Air, water and biodiversity concerns addressed.</li> <li>Planning consent gained.</li> </ol>
<b>Local authorities</b> We've built relationships with local authorities to increase awareness of the precautions needed when operating around our assets.	48 local authorities visited. Cost: £18.5k	<ol style="list-style-type: none"> <li>Detailed maps of our assets provided to stakeholders to reduce risk of third party damage.</li> <li>Stakeholders now have a single point of contact.</li> <li>Increased understanding of stakeholder views and concerns.</li> </ol>
<b>Landowners</b> We communicate and share information with landowners to make sure their contact details are accurate, and that they know about our pipelines. We also provide information about upcoming planned works.	Approximately 11,000 landowners or tenants. Cost: £150k	<ol style="list-style-type: none"> <li>Increased awareness of upcoming projects.</li> <li>Accurate and up-to-date contact details compiled.</li> </ol>
<b>Plant Protection</b> A dedicated enquiry line for stakeholders to call or email us if they need to know the location of our assets. This reduces the likelihood of a pipeline strike.	Around 90,000 enquiries are received each year.	<ol style="list-style-type: none"> <li>Reduced risk of pipeline strikes, so developers can build and maintain their assets in a safe way.</li> </ol>
<b>Linewatch</b> We have discussed safety issues with stakeholders, increasing awareness of the safety risks to our assets and encouraging developers to contact National Grid before starting work.	100 presentations and discussions. Cost: 45k	<ol style="list-style-type: none"> <li>Increased stakeholder understanding of safety issues.</li> <li>Greater awareness of the dangers associated with working near high pressure pipelines.</li> <li>Greater engagement with contractors and developers.</li> </ol>
<b>Delivering energy</b>		
<b>On-the-day Commodity Market Review (Part 2 page 5)</b> Collaborating with stakeholders through individual meetings, industry forums, workshops and teleconferences to understand the risks of potential changes to the gas commercial regime.	25 stakeholders engaged including shippers, market operators, other European TSOs, DECC and Ofgem.	<ol style="list-style-type: none"> <li>Consensus agreed on future market structure.</li> <li>Trusted relationships developed with wider stakeholder groups.</li> <li>Expensive system and process changes avoided.</li> <li>Future benchmarking system agreed.</li> </ol>

## Engaging with a broad range of stakeholders

Activity	Stakeholders engaged	Outcomes
<b>Demand Side Response (Part 2 page 6)</b> We worked with a wide range of stakeholders through individual meetings, workshops and webinars to agree the best approach to trialling the draft gas Demand Side Response (DSR) framework and methodology.	60 stakeholders engaged including industrial consumers, consumer user groups, shippers, regulators and the government.	<ol style="list-style-type: none"> <li>10 stakeholders took part in the DSR trial from five different industry sectors.</li> <li>24 million m<sup>3</sup> of gas a day was offered as part of the trial.</li> <li>Justified the £100k investment in systems required to implement DSR.</li> <li>Identified best practice for stakeholder engagement.</li> </ol>
<b>GNCC Calls</b> We are improving the way we deal with customer queries, ensuring handover of unresolved issues between shift teams and proactively solving recurring issues.	Terminal operators, storage sites, DNOs, shippers, interconnector points and local communities.	<ol style="list-style-type: none"> <li>We can now track the number of calls received, have greater understanding of the issues, making resolution of queries and feedback easier, and we are also able to identify trends.</li> </ol>
<b>Meter Validation Tool (Part 2 page 6)</b> Through liaison meetings, meter validation visits and online surveys we have developed an app which provides a quick and easy solution to meter validation.	Over 80 stakeholders engaged including asset owners and meter validation suppliers. Cost: £370k	<ol style="list-style-type: none"> <li>Reduction of £12.5m a year in unaccounted for gas – 13p per consumer bill.</li> <li>A simplified, standardised approach for stakeholders, saving them time and money.</li> <li>A holistic view of all meters for asset owners, improving the safety of their assets.</li> </ol>
<b>NEC (National Emergency Coordinator) exercise</b> We've carried out emergency exercises to ensure the gas industry remains committed to continuously improving its safety-critical emergency processes.	54 NTS directly-connected sites, 2,345 DN connected sites, four DNOs, 18 producers, six transporters, 10 storage sites, two interconnectors, DECC and the Oil and Gas Authority.	<ol style="list-style-type: none"> <li>Continued focus on safety-critical processes.</li> <li>All stakeholders have tested their emergency processes.</li> <li>A more resilient gas industry.</li> <li>Closer relationships with industry.</li> </ol>
<b>Customer seminars</b> We brought together stakeholders from across the gas industry, while also sharing National Grid major events and projects and how to get involved.	Approximately 35 stakeholders, including shippers, suppliers, gas storage operators, DNOs and landowners. Cost: £1.1k	<ol style="list-style-type: none"> <li>Developed close relationships with stakeholders.</li> <li>Shared knowledge and understanding of important issues impacting the gas industry.</li> <li>Using stakeholder views to shape the direction of our projects.</li> </ol>
<b>Shaping the gas market</b>		
<b>EU Code changes (Part 2 page 7)</b> Working with stakeholders from across the EU to develop a common set of gas industry codes, through dedicated EU working groups.	Over 40 stakeholders, including shippers, national regulatory authorities and TSOs.	<ol style="list-style-type: none"> <li>The EU regime has an 80% match to existing GB model, avoiding costly system and process changes.</li> <li>GB regime now complies with EU regulations, giving stakeholders the flexibility to flow their gas when and where their consumers need it.</li> <li>A clear commercial and legal understanding of the impact of code change across all stakeholder groups.</li> <li>The EU booking platform (PRISMA) is fully in line with EU codes making it easier for stakeholders to obtain capacity at interconnection points within the EU.</li> </ol>
<b>Gas Day (Part 2 page 8)</b> Working closely with onshore and offshore stakeholders to minimise the impacts of the alignment of the gas day with Europe. Through dedicated workgroup meetings and extensive analysis and system development, we led the industry in developing a solution.	Approximately 30 stakeholders including shippers, traders, terminals, service providers, consultants, DECC and Ofgem.	<ol style="list-style-type: none"> <li>Avoided approx £175m per annum in costs to stakeholders.</li> <li>Supported a competitive GB gas market – North Sea shippers continue to bring gas to onshore networks, strengthening security of supply.</li> <li>New system implemented to accept gas flow data.</li> <li>Improved standard trading contracts.</li> </ol>
<b>Moffat Interconnector (Part 2 page 8)</b> We've set up stakeholder workshops to understand the current state of contract change requirements at each of the interconnection points, in order to prioritise and create a structured implementation plan.	Four TSOs and three national regulatory authorities.	<ol style="list-style-type: none"> <li>Agreed new terms that satisfied all stakeholders.</li> <li>Created a new type of tri-lateral agreement to enable British shippers to flow gas between Eire, N Ireland and GB.</li> <li>Five agreements successfully implemented by 1st October deadline, meaning all TSOs complied with new EU codes by the deadline.</li> </ol>
<b>Balancing the market (Part 2 page 7)</b> We're responding to stakeholder requests and proactively sharing information, via workshops, meetings, teleconferences and webinars, to show how we balance our networks.	Approximately 150 TSOs, shippers, associations and regulators.	<ol style="list-style-type: none"> <li>Shared and discovered best practice around daily balancing.</li> <li>Gave our European colleagues the tools to minimise the time and effort necessary to implement the code.</li> <li>Created an opportunity to learn and benchmark on other aspects of the EU regime.</li> </ol>
<b>Gas Ten Year Statement</b> Listening to stakeholder views and gathering feedback on our 2015 Gas Ten Year Statement (GTYS).	767 stakeholders engaged.	<ol style="list-style-type: none"> <li>Stakeholders can make better informed decisions.</li> <li>Feedback will be used to tailor engagement next year.</li> </ol>
<b>Future Energy Scenarios (FES)</b> We're working with stakeholders to develop and shape what the Future Energy Scenarios look like and how they are communicated.	365 stakeholders including customers, innovators, investors, land owners, communities, regulators and energy industry. Cost: £72k	<ol style="list-style-type: none"> <li>Quantifiable feedback on our scenarios means we know where changes need to be made to meet stakeholder needs and interests.</li> <li>Widened the reach of engagement so that the FES can truly represent stakeholder views.</li> <li>The development of a central view to support our four scenarios.</li> </ol>
<b>System flexibility</b> An event which brought together interested stakeholders, to discuss future system flexibility requirements of the National Gas Transmission System.	48 stakeholders engaged including storage asset owners, Ofgem, regulators and the energy industry.	<ol style="list-style-type: none"> <li>Common understanding of issues.</li> <li>Future engagement planned and agreed.</li> </ol>
<b>2050 scenarios</b> Bringing together the UK's climate modelling experts to establish consensus and air differences of opinion around meeting our 2050 carbon targets.	Five stakeholder groups including energy, research, industry experts and climate change advisors.	<ol style="list-style-type: none"> <li>Key principles agreed.</li> <li>Future engagement plans agreed with stakeholders.</li> </ol>
<b>Enabling the industry</b>		
<b>Cyber security (Part 2 page 9)</b> We set up workshops to lead the industry in conducting a cyber risk review.	20 stakeholders including shippers, suppliers, DNOs, Ofgem and DECC. Cost: £100k	<ol style="list-style-type: none"> <li>Over 50% of risks mitigated in 2015/16.</li> <li>Enabling stakeholders to target spend in most effective areas.</li> <li>A more resilient energy industry.</li> </ol>
<b>EmployAbility (Part 2 page 10)</b> We're supporting an internship programme for young people aged 17-22 with learning disabilities.	Young people with learning disabilities, the energy industry, other industry, politicians, education sector and communities. Cost: £10k	<ol style="list-style-type: none"> <li>Practical work experience for young people with learning disabilities.</li> <li>Paid employment opportunities: 60%-70% success rate through EmployAbility.</li> <li>Best practice shared: 11 businesses and eight schools are involved to date including Coca Cola, Severn Trent Water and Babcock.</li> <li>External recognition: The programme won three awards in 2015.</li> </ol>

## Obtaining and acting on feedback

## Obtaining and acting on feedback

# A more efficient process

Obtaining feedback is really important to us so we know whether we're delivering what our stakeholders need, to the standard they expect.

### Overview

One of our strategy focus areas for 2015/16 was to improve our understanding of our stakeholders, which led us to review the way we gather feedback through our annual stakeholder survey. We have made some changes in this area to make it a more efficient process, making sure we gather feedback that we can act upon to achieve the outcomes our stakeholders want.

### Making improvements

Stakeholders told us that in previous surveys the questions were not always relevant to them, and our internal teams told us the feedback they were getting wasn't always useful. To address this we have undertaken a full review of our customer and stakeholder survey, and appointed a new independent research agency.

This has enabled us to improve our survey process by:

- Adapting and tailoring our survey questions, so our stakeholders are clear which subject we want their views on.
- Conducting our surveys in a timely manner after engagement has taken place, which provides us with more accurate feedback. (We have successfully used this new approach with our customer surveys, and plan to replicate this with our 2016/17 stakeholder surveys).
- Improving how we translate feedback into actions. We will be able to address comments at an individual level and respond to them in the most appropriate way, by assigning each action to an owner and tracking them.

### Capturing feedback

As well as getting feedback from our surveys, we obtain feedback all year round from regular stakeholder meetings and conversations. We haven't always been consistent in documenting feedback and then combining it with the feedback we obtain from our surveys.

This year, to bridge the gap we have introduced a distinct process for capturing this feedback, which is collated by our Gas Account Management team. After a meeting the team is debriefed by the attendees and they record feedback centrally. This is then compared with the survey feedback and acted upon. In the future we plan to support this process through the introduction of a Stakeholder Intelligence System.

## The Stakeholder Advisory Panel

Our Stakeholder Advisory Panel is made up of nine of our stakeholders, and contains a wealth of industry experience and consumer knowledge. Feedback has told us that we haven't always given the panel the opportunity to shape our engagement and decision-making. We've therefore made some simple but effective changes. Working with our panel this year we have:

- Set out discussion item principles, which means we will only focus on and explore subjects that either create value for customers and stakeholders or will lead to an industry-wide change.
- Prioritised these subjects by considering the stakeholder impacts/

benefits, as well as the impacts and benefits to our business. This means that we tackle the big issues with our Panel first.

- Agreed a work-plan for the next 12 months that sets out which issues we will explore with our Panel in 2016/17.

### Looking ahead to 2016/17

This new, more focused and proactive way of working with our Panel will make sure they can influence and shape what we do and the way we do it. The Panel's early input will help us to develop strategies and action plans based on the needs of our stakeholders.



Lord O'Neil, Chair of the Stakeholder Advisory Panel

The Stakeholder Advisory Panel will help us to shape and influence our business and business practices to ensure they take into account the interests, aspirations and concerns of our customers and stakeholders, now and into the future.

### National Grid Stakeholder Advisory Panel Purpose Statement 2016

The following organisations are represented on our panel:



### Our process for acting on feedback

To make sure we add value with our stakeholder engagement, we've improved our internal process for how we share and action

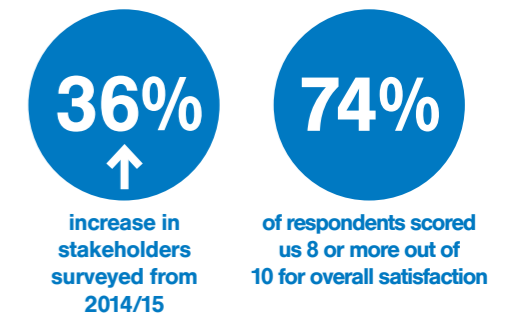
feedback with relevant teams. We've used our Project Management Office to make sure actions developed from feedback are prioritised and completed in agreed timescales. The

progress on these is then reported through our central Stakeholder Strategy team. This makes sure teams are held to account and trust is built with stakeholders.

Stakeholder feedback examples	How we responded
The meter validation process at our Transmission Network Entry points was complex and difficult to interpret.	We have developed a meter validation solution in the form of a free downloadable app to simplify and standardise this process and save money for our stakeholders.
Stakeholders were unsure how an additional market entrant might impact the role that the gas market operator performs.	We have engaged with stakeholders through operational forums, bi-lateral discussions and industry review groups to collaboratively determine the level of risk. We concluded that the existing structure remains fit-for-purpose, avoiding expensive changes to industry systems and processes.
Connecting to the National Transmission System is time-consuming and costly for smaller, unconventional gas producers.	We have taken the time to understand our stakeholders' needs and challenges, which informed our Customer Low Cost Connections innovation proposal. Once implemented this will enable smaller gas producers to connect to our network, saving the industry up to £15bn a year on gas imports by 2035.
The communication channels used for gas regulatory and industry information can be confusing and need to be simplified.	We took steps to understand what the issue was and implemented an interim solution to provide the clarity our stakeholders sought in a timely manner. We have actively consulted with them on this, and are now developing a longer-term solution to improve this process.
Following a change to gas day timings to align with Europe, there was a risk of offshore producers being exposed to significant additional charges which could be passed through to the consumer.	We have taken a lead role in facilitating the development of this solution, working with more than 30 stakeholders, which has reduced stakeholders' costs by £17.5 million.

## Our performance results 2015/16

We surveyed individual stakeholders who we've engaged with across various activities including our River Humber project. A total of 49 stakeholders were surveyed by an independent assessor, giving us valuable information about our strengths and opportunities to improve. Overall our stakeholder satisfaction score was 8.0 out of 10 which is our highest score to date. This score includes our Humber Estuary Feeder 9 major project which scored 8.3.

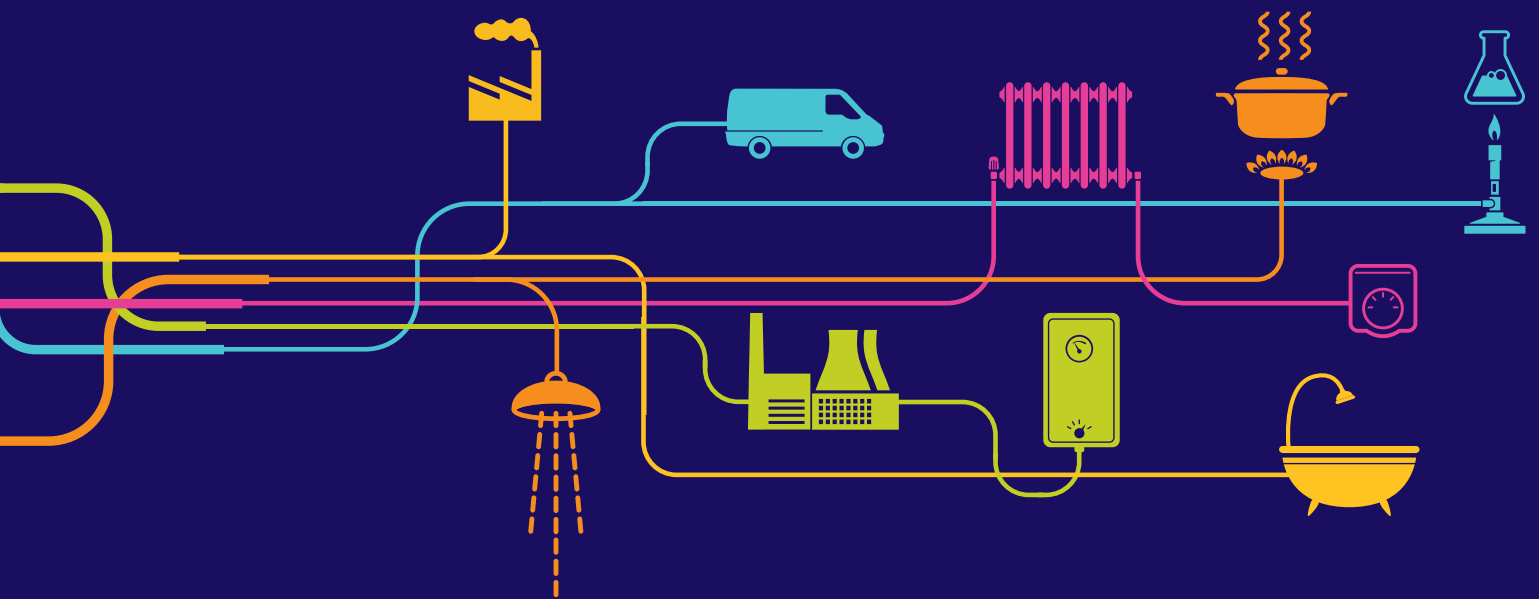


### Our next steps for 2016/17

Our survey results reinforce the messages that came out of the AA1000SES health check while also telling us which were the areas that we needed to focus on to improve. We will therefore focus on the following improvement areas for 2016/17:

- We will give our stakeholders even more clarity on our decision-making. We will do this by further defining our roles and responsibilities and making sure stakeholder needs are at the heart of our processes.
- Identify what we want to achieve for stakeholders through an engagement activity and make sure we do what we set out to do.

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